

Government of the District of Columbia

Office of the Chief Financial Officer

CHAIRMANGRAY




2008 DEC -2 AM 10: 24

Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** December 2, 2008

**SUBJECT:** Fiscal Impact Statement: "Compensation Collective Bargaining Agreement Between the District of Columbia Department of Mental Health and Washington Area Metal Trades Council, AFL-CIO, National Conference of Firemen & Oilers, Service Employees International Union, Local 473, Public Service Employees Union, Affiliated with the Laborers International Union of North America, Local 572"

**REFERENCE:** Approval Resolution to be Introduced – No Number Available

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**Conclusion**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution. The compensation settlement will be funded with existing resources.

**Background**

The proposed resolution would approve a compensation settlement ("Settlement") that is the result of a negotiation between the District of Columbia Department of Mental Health ("DMH") and the Washington Area Metal Trades Council, AFL-CIO, National Conference of Firemen & Oilers, Service Employees International Union, Local 473, Public Service Employees Union, Affiliated with the Laborers International Union of North America, Local 572 ("Union").

The increases would affect 41 employees – mechanics, electricians, and motor vehicle operators – represented by the Union. The members of this collective bargaining unit represented an annual gross salary of approximately \$1.8 million in FY 2008.

Provisions of the Settlement include:

- Retroactive to the first day of the first full pay period beginning on or after October 1, 2007 a 3.25 percent increase to baseline compensation;
- Retroactive to the first day of the first full pay period beginning on or after October 1, 2008 a 4.0 percent increase to baseline compensation;
- Effective the first day of the first full pay period beginning on or after October 1, 2009 a 4.0 percent increase to baseline compensation.

In addition, the Settlement provides for a monthly transit subsidy of \$25 for each employee covered by the Settlement who purchases and uses transit passes for commuting to and from work. The transit subsidy would commence at the first full pay period after October 1, 2009.

### **Financial Plan Impact**

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution. The Settlement will be funded with existing resources. The fiscal effect is \$958,266 in the FY 2009 through FY 2012 budget and financial plan period.<sup>1</sup> The Settlement will result in expenditures of \$209,649 in FY 2009, which includes retroactive FY 2008 compensation increases.

The fiscal effects of the FY 2008, FY 2009, and FY 2010 increases will be funded by allocations from the Workforce Investment Fund for FY 2009 and a technical adjustment by the Office of the Chief Financial Officer's Office of Budget and Planning to DMH's FY 2010 budget.

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<sup>1</sup> Due to the retroactive nature of the Settlement, this includes the FY 2008 cost of \$64,099. Base salary and benefits expended against local sources.

The Honorable Vincent C. Gray

FIS: Draft Resolution, "Compensation Collective Bargaining Agreement Between the District of Columbia Department of Mental Health and Washington Area Metal Trades Council, AFL-CIO, National Conference of Firemen & Oilers, Service Employees International Union, Local 473, Public Service Employees Union, Affiliated with the Laborers International Union of North America, Local 572"

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Table 1 presents the personnel service costs impacting the financial plan.<sup>2</sup>

<b>Table 1. Estimated Expenditure Impact to the Financial Plan of the Compensation Settlement Between DMH and the Union</b>					
<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>5 – Year Total</b>
\$64,098	\$145,551	\$242,562	\$249,470	\$256,585	\$958,266

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<sup>2</sup> The estimated costs for FY 2011 and FY 2012 reflect a trend rate of 3% growth per year applied to the sum of the salary increases in FY 2008 through FY 2010 (the period that the Settlement covers). This is a standard assumption used by OBP to estimate outyear costs and was provided to ORA as part of the fiscal impact estimate.